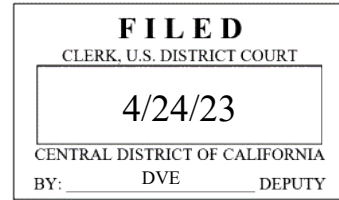


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13 **UNITED STATES DISTRICT COURT**
14 **CENTRAL DISTRICT OF CALIFORNIA**

15 FEDERAL TRADE COMMISSION,

16 Plaintiff,

17 v.

18 SL FINANCE LLC, a California limited
19 liability company;

20 MICHAEL CASTILLO, individually and
21 as an officer of SL FINANCE LLC; and

22 CHRISTIAN CASTILLO, individually
23 and as an officer of SL FINANCE LLC;

24 Defendants.
25
26
27

Case No. 8:23-cv-00698-JWH (ADSx)

**COMPLAINT FOR
PERMANENT INJUNCTION,
MONETARY RELIEF, AND
OTHER RELIEF**

1 Plaintiff, the Federal Trade Commission (“FTC”), for its Complaint alleges:

2 1. The FTC brings this action under Sections 13(b) and 19 of the Federal
3 Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 53(b) and 57b, the
4 Telemarketing and Consumer Fraud and Abuse Prevention Act (“Telemarketing
5 Act”), 15 U.S.C. §§ 6101-6108, Section 1401(c) of the COVID-19 Consumer
6 Protection Act of the 2021 Consolidated Appropriations Act, Pub. L. No. 116-260,
7 134 Stat. 1182, Div. FF, Title XIV, § 1401(c), (Prohibiting Deceptive Acts or
8 Practices in Connection With the Novel Coronavirus) (“COVID-19 Consumer
9 Protection Act”), and Section 522(a) of the Gramm-Leach-Bliley Act (“GLB
10 Act”), 15 U.S.C. § 6822(a), which authorize the FTC to seek, and the Court to
11 order, temporary, preliminary, and permanent injunctive relief, monetary relief,
12 and other relief, including an asset freeze, appointment of a receiver, and
13 immediate access to Defendants’ business premises, for Defendants’ acts or
14 practices in violation of (1) Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), (2) the
15 FTC’s Telemarketing Sales Rule (“TSR”), 16 C.F.R. Part 310, (3) the COVID-19
16 Consumer Protection Act, and (4) the GLB Act, 15 U.S.C. § 6821. Defendants’
17 violations are in connection with their deceptive marketing and sale of student loan
18 debt relief services.

19 SUMMARY OF CASE

20 2. Defendants lure consumers, many of whom are low-income borrowers
21 saddled with tens of thousands of dollars of student debt, into paying hundreds of
22 dollars in exchange for false promises of loan forgiveness.

23 3. Defendants falsely tell borrowers that Defendants are affiliated with
24 the federal government (or, specifically, the Department of Education); are
25 administering government programs, including a made-up COVID-19-related
26 student debt relief initiative; and will purchase borrowers’ debt from federal loan
27 servicers in order to secure debt relief on their behalf. Defendants then collect

1 hundreds of dollars in illegal up-front payments.

2 4. But Defendants' promises are false. Defendants do not seek or deliver
3 loan forgiveness, loan repayment plans, or even a reduced loan balance.

4 Consumers have paid significant sums to Defendants only to find that Defendants
5 have not applied their payments to consumers' loan balances, sought or obtained
6 forgiveness of their loans, or taken over servicing their loans. When consumers
7 realize they were duped and ask for a refund, Defendants often refuse to make
8 them whole.

9 5. Through this action, the FTC seeks to put an end to Defendants'
10 scheme and secure redress for the consumers whom Defendants have harmed.

11 **JURISDICTION AND VENUE**

12 6. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§
13 1331, 1337(a), and 1345.

14 7. Venue is proper in this District under 28 U.S.C. § 1391(b)(1), (b)(2),
15 (c)(1), (c)(2), and 15 U.S.C. § 53(b).

16 **PLAINTIFF**

17 8. The FTC is an independent agency of the United States Government
18 created by the FTC Act, which authorizes the FTC to commence this district court
19 civil action by its own attorneys. 15 U.S.C. §§ 41–58. The FTC enforces Section
20 5(a) of the FTC Act, 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or
21 practices in or affecting commerce. The FTC also enforces the Telemarketing Act,
22 15 U.S.C. §§ 6101-6108. Pursuant to the Telemarketing Act, the FTC promulgated
23 and enforces the TSR, 16 C.F.R. Part 310, which prohibits deceptive and abusive
24 telemarketing acts or practices in or affecting commerce. The FTC also enforces
25 the COVID-19 Consumer Protection Act, which prohibits deceptive acts or
26 practices under the FTC Act associated with a government benefit related to
27 COVID-19, COVID-19 Consumer Protection Act § 1401(b)(2). The FTC also

1 enforces the GLB Act, 15 U.S.C. §§ 6821-27, which prohibits any person from
2 obtaining or attempting to obtain customer information of a financial institution
3 relating to another person by making a false, fictitious, or fraudulent statement or
4 representation to a customer of a financial institution.

5 **DEFENDANTS**

6 9. **Defendant SL Finance LLC (“SL Finance”)** is a California limited
7 liability company that has a principal office listed at 12900B Garden Grove
8 Boulevard, Suite 170, Garden Grove, CA 92843. SL Finance transacts or has
9 transacted business in this District and throughout the United States. At all times
10 relevant to the Complaint, acting alone or in concert with others, SL Finance has
11 advertised, marketed, offered to provide, sold, or provided student loan debt relief
12 services to consumers throughout the United States.

13 10. **Defendant Michael Castillo** is an owner and officer of SL Finance.
14 He has been a signatory on the business bank accounts maintained by SL Finance,
15 and served as a point of contact for SL Finance customer communications. At all
16 times relevant to this Complaint, acting alone or in concert with others, he has
17 formulated, directed, controlled, had the authority to control, or participated in the
18 acts and practices set forth in this Complaint. Defendant Michael Castillo is a
19 former employee of BCO Consulting Services Inc., also d/b/a Students Loan
20 Services LLC, a student loan debt relief company named as a defendant in the
21 concurrently filed *Federal Trade Commission v. BCO Consulting Services, Inc.*
22 Defendant Michael Castillo resides in this District and, in connection with the
23 matters alleged herein, transacts or has transacted business in this District and
24 throughout the United States.

25 11. **Defendant Christian Castillo** is an owner and officer of SL Finance.
26 He has been a signatory on the business bank accounts maintained by SL Finance
27 and served as the customer contact for SL Finance’s telecommunications

1 agreements. At all times relevant to this Complaint, acting alone or in concert with
 2 others, he has formulated, directed, controlled, had the authority to control, or
 3 participated in the acts and practices set forth in this Complaint. Defendant
 4 Christian Castillo is a former employee of BCO Consulting Services Inc., also
 5 d/b/a Students Loan Services LLC, a student loan debt relief company named as a
 6 defendant in the concurrently filed *Federal Trade Commission v. BCO Consulting*
 7 *Services, Inc.* Defendant Christian Castillo resides in this District and, in
 8 connection with the matters alleged herein, transacts or has transacted business in
 9 this District and throughout the United States.

10 **COMMERCE**

11 12. At all times relevant to this Complaint, Defendants have maintained a
 12 substantial course of trade in or affecting commerce, as “commerce” is defined in
 13 Section 4 of the FTC Act, 15 U.S.C. § 44.

14 **BACKGROUND ON STUDENT LOAN**

15 **FORGIVENESS AND REPAYMENT PROGRAMS**

16 13. Student loan debt is the second largest class of consumer debt, with
 17 over 45 million borrowers owing approximately \$1.75 trillion. Student loan debt is
 18 also one of the most distressed classes of debt: approximately \$110.5 billion of
 19 student loans are in default.

20 14. The federal government administers several student loan forgiveness
 21 and discharge programs. These include income-driven repayment (“IDR”)
 22 programs, which allow eligible borrowers to limit their monthly payments based
 23 on a percentage of their discretionary monthly income and offer forgiveness after a
 24 borrower has made payments for 20 or 25 years; and public service loan
 25 forgiveness (“PSLF”), which provides loan forgiveness to borrowers who make
 26 payments for ten years while employed at qualifying government or nonprofit
 27 organizations. ED also administers other loan forgiveness programs for qualifying

1 borrowers, including those who can establish a permanent and total disability;
2 borrowers whose school closed while they were enrolled; and borrowers whose
3 school violated certain state or federal laws, among others.

4 15. Consumers can apply for these and other programs through ED or
5 their student loan servicers at no cost. These programs do not require the assistance
6 of a third-party company or payment of application fees.

7 16. In addition to federal loan repayment and forgiveness programs, the
8 original coronavirus relief bill, the Coronavirus Aid, Relief, and Economic
9 Security Act (“CARES Act”), signed into law on March 27, 2020, temporarily
10 paused payments and involuntary collections on federally held student loans
11 through September 30, 2020. President Trump extended the pause until December
12 31, 2020, and President Biden has extended the pause into 2023. During the pause,
13 payments are not due, collection activities (like wage garnishment and reduction of
14 tax refunds) have been prohibited, and interest does not accrue on loan balances.

15 17. Months during the pause count toward the 120 payments required by
16 PSLF (if the borrower works for a qualifying employer during the suspension plan)
17 and also toward payments required to receive forgiveness under IDR plans.

18 18. In 2022, in addition to the above ongoing programs and COVID-19
19 payment pause, President Biden and ED created a one-time debt relief program for
20 borrowers of federal student loans.

21 19. Several individuals and organizations filed legal challenges to the
22 one-time debt relief program. As of this filing, the program is subject to injunctions
23 blocking its implementation.

24 20. The student loan repayment pause is extended until ED is permitted to
25 implement the program or until the litigation is resolved. If the program has not
26 been implemented and the litigation is not resolved by June 30, 2023, then
27 payments will resume 60 days after that date.

DEFENDANTS' STUDENT LOAN DEBT RELIEF SCAM

21. Defendants own and operate a student loan debt relief scam that preys on consumers burdened with student loan debt by making false promises of loan forgiveness. Since at least May 14, 2019, Defendants have collected hundreds of dollars per consumer from thousands of consumers—for a total of approximately \$6 million.

22. Defendants' scheme relies heavily on false and misleading representations made by Defendants' representatives to consumers, often made during an initial call between a telemarketer and a consumer.

23. In many instances, Defendants use telemarketers to make outbound telemarketing calls to consumers to offer their services and convince student loan borrowers to sign up with the company. In some instances, Defendants send to consumers unsolicited emails containing a number that consumers may call to obtain more information. When consumers call the number, they speak with Defendants' telemarketers.

24. Defendants' telemarketers entice consumers to stay on the line with them by promising to alleviate the burdens of their student loans. Consumers have reported that Defendants' telemarketers sound official, and lead them to believe Defendants will deliver on their promises.

Defendants' Misrepresentations to Consumers

25. To persuade consumers into signing up and paying for Defendants' purported student loan debt relief services, Defendants, often acting through their telemarketers, make at least five types of claims:

- a) Consumers who pay for Defendants' program will be enrolled in a loan repayment program and have their loan balances forgiven in whole or in part;
- b) Most or all of consumers' monthly payments to Defendants will

1 be applied to their loan balances;

2 c) Defendants are contracted by, or otherwise affiliated with, ED;

3 d) Defendants will assume responsibility for the servicing of
4 consumers' student loans; and

5 e) Defendants' program is part of the CARES Act or some other
6 COVID-19 relief program created by the federal government.

7 26. **First**, Defendants have represented to numerous consumers that if
8 consumers sign up for Defendants' debt relief program, Defendants will enroll
9 them in a loan repayment program and secure forgiveness of their student loans.

10 27. Defendants frequently tell consumers that the repayment program will
11 include a schedule of three-to-six monthly payments of approximately \$200,
12 sometimes followed by monthly payments of approximately \$39 for a period of
13 months or years. All of these payments are to be made to Defendants.

14 28. Defendants in many instances tell consumers that their loans will be
15 forgiven either directly upon payment of the initial installments of approximately
16 \$200, or after several months or years of making payments of approximately \$39.
17 Often, the quoted repayment program is substantially shorter than the ten- or
18 twenty-year programs offered by the federal government—sometimes only a few
19 months.

20 29. These representations are false. In many instances, Defendants do not
21 even apply for—much less obtain—legitimate federal repayment plans, such as
22 income-driven repayment plans, or student loan forgiveness on behalf of the
23 consumers who pay for Defendants' services.

24 30. Numerous consumers have reported that Defendants did not apply for
25 income-driven repayment programs, public service loan forgiveness, or other
26 forms of loan forgiveness and repayment plans on their behalf, even though they
27 provided information about their income and employment and made payments to

1 Defendants.

2 31. **Second**, Defendants often tell consumers the payments will be
3 applied to reduce their loan balance.

4 32. In fact, Defendants in numerous instances take the money for
5 themselves and do not make payments to consumers' student loans on their behalf.
6 Many consumers have reported that Defendants did not apply any of their
7 payments to their student loans and that their balances did not decrease after
8 making payments to Defendants.

9 33. Because borrowers of federal student loans have not been required to
10 make payments on their student loans since March 2020, federal student loan
11 servicers are not expecting to receive monthly payments and are not likely to
12 contact consumers if payments are not received. Defendants have taken advantage
13 of the lull in borrower-servicer communications to deceive borrowers into paying
14 them instead of making payments on their student loans or saving that money for
15 other purposes.

16 34. **Third**, Defendants frequently tell consumers that they are "affiliated"
17 with the federal government (or, specifically, ED), that they are "contracted" by
18 the government, or even that they *are* the federal government.

19 35. But Defendants are not affiliated with ED and do not hold contracts
20 with ED.

21 36. **Fourth**, Defendants have represented to numerous consumers that
22 they will be purchasing, taking over, or handling servicing of consumers' loans.
23 Defendants have also told consumers that the up-front payments reflect the fee to
24 "buy" consumers' loans from their federal servicer.

25 37. Defendants are not federal loan servicers and despite their
26 representations to consumers, have not taken over or purchased consumers' student
27 loans.

1 38. Defendants have instructed consumers to ignore their current servicers
2 while participating in SL Finance's program and have characterized servicers as "a
3 scam" that cannot or will not help borrowers seek favorable repayment plans and
4 loan forgiveness.

5 39. *Fifth*, Defendants in many instances falsely represent that the program
6 they are marketing is related to a COVID-19 relief program such as the CARES
7 Act.

8 40. Defendants have sent emails to consumers falsely stating that "It looks
9 like your student loan may be eligible for the recent stimulus forgiveness and relief
10 legislation (Cares Act), however your application does need to be completed by
11 [date], as that is when the Cares act [sic] is set to end."

12 41. Defendants' telemarketers have told consumers, falsely, that
13 Defendants' program is a part of the CARES Act or other COVID-19 relief created
14 by the government.

15 42. Defendants' telemarketers have also told consumers, falsely, that SL
16 Finance works with ED to help students prepare for the end of the COVID-19
17 repayment pause.

18 43. In fact, the purported services that Defendants offer are not a
19 government program created by the CARES Act or other government relief
20 associated with the COVID-19 pandemic.

21 **Defendants' Use of False, Fictitious, and Fraudulent Statements to Obtain**
22 **Consumers' Customer Information of a Financial Institution**

23 44. Defendants use the statements set forth in Paragraph 25 to deceive
24 consumers into signing up for Defendants' services and handing over their
25 sensitive and personal financial information.

26 45. Defendants have used the statements listed in Paragraph 25 to cause
27 consumers to provide Defendants with their bank account numbers, debit card

1 numbers, and credit card numbers.

2 **Defendants' Collection of Illegal Advance Fees**

3 46. Once in possession of consumers' private and sensitive financial
4 information, Defendants typically collect approximately five "initial" monthly
5 payments of approximately \$200, sometimes followed by monthly payments of
6 approximately \$39.

7 47. Defendants have collected or attempted to collect hundreds of dollars
8 for their "services" per consumer. Defendants mislead consumers into believing
9 the majority of these payments are going towards paying off their student loan debt
10 or otherwise securing loan forgiveness.

11 48. In fact, Defendants are in numerous instances simply taking the
12 money without delivering promised services. Many consumers have reported that
13 Defendants have not sought or obtained repayment plans or student loan
14 forgiveness for consumers who pay for Defendants' services. Thus, in many
15 instances, Defendants continued to receive fees from consumers despite never
16 renegotiating, settling, reducing, or otherwise altering the terms of the consumers'
17 debt.

18 49. During the federal COVID-19 student loan repayment pause,
19 consumers have not been required to make payments on their federal loans at all.
20 Consumers have paid more to Defendants during the pause than they would have
21 been required to pay toward their student loan balances.

22 50. When consumers have contacted Defendants to cancel their
23 enrollment in Defendants' program, Defendants threaten consumers with default or
24 other adverse consequences.

25 51. In many instances, Defendants have refused or ignored requests by
26 consumers for refunds.

27 52. Not only have Defendants refused or ignore refund requests, but many

1 consumers have reported that after they advised Defendants they did not want to
2 participate in Defendants' program, Defendants continued to charge or attempt to
3 charge them anyway.

4 53. When consumers change their bank account or debit card information
5 or take other steps to block payments to Defendants, Defendants in many instances
6 send threatening emails warning that consumers who do not pay Defendants could
7 "risk falling into DEFAULT, and out of compliance with your approved program
8 directly with the Department of Education."

9 54. In fact, Defendants often have not enrolled consumers in any program
10 "directly with the Department of Education"; consumers are not at risk of falling
11 "into DEFAULT" on their student loans because student loan payments are not due
12 during the federal COVID-19 repayment pause; and even if payments were due,
13 since Defendants do not, in many instances, apply payments to consumers' loan
14 balances, paying Defendants would not avoid missed payments.

15 **Defendants' Violations of the National Do Not Call Registry**

16 55. Since November 26, 2022, Defendants initiated or caused the
17 initiation of over 1.5 million outbound telephone calls to consumers.

18 56. Defendants have made over one hundred thousand calls to telephone
19 numbers on the National Do Not Call Registry ("Registry").

20 57. Defendants have also called telephone numbers in various area codes
21 without first paying the annual fee for access to the telephone numbers within such
22 area codes that are included in the Registry.

23 **Ongoing Conduct**

24 58. Based on the facts and violations of law alleged in this Complaint, the
25 FTC has reason to believe that Defendants are violating or are about to violate laws
26 enforced by the Commission.
27

VIOLATIONS OF THE FTC ACT

59. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits “unfair or deceptive acts or practices in or affecting commerce.”

60. Misrepresentations or deceptive omissions of material fact constitute deceptive acts or practices prohibited by Section 5(a) of the FTC Act.

Count I
Deceptive Representations

61. In numerous instances in connection with the advertising, marketing, promotion, offering for sale, or sale of student loan debt relief services, Defendants represent, directly or indirectly, expressly or by implication, that:

- a) Consumers who pay for Defendants’ program will be enrolled in a loan repayment program and will have their loan balances forgiven in whole or in part;
- b) Most or all of consumers’ monthly payments to Defendants will be applied to their loan balances;
- c) Defendants are affiliated with or contracted by the federal government or, specifically, ED;
- d) Defendants will assume responsibility for the servicing of consumers’ student loans; and
- e) Defendants’ program is part of the CARES Act or some other COVID-19 relief program created by the federal government.

62. In truth and in fact, in numerous instances in which Defendants have made the representations set forth in Paragraph 61, such representations were false or unsubstantiated at the time Defendants made them.

63. Therefore, Defendants’ representations as set forth in Paragraph 61 are false or misleading and constitute deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

THE TELEMARKETING SALES RULE

64. In 1994, Congress directed the FTC to prescribe rules prohibiting abusive and deceptive telemarketing acts or practices pursuant to the Telemarketing Act, 15 U.S.C. §§ 6101–6108. The FTC adopted the original TSR in 1995, extensively amended it in 2003, and amended certain sections thereafter.

65. Defendants are “seller[s]” or “telemarketer[s]” engaged in “telemarketing” as defined by the TSR, 16 C.F.R. § 310.2(dd), (ff), and (gg). A “seller” means any person who, in connection with a telemarketing transaction, provides, offers to provide, or arranges for others to provide goods or services to a customer in exchange for consideration. 16 C.F.R. § 310.2(dd). A “telemarketer” means any person who, in connection with telemarketing, initiates or receives telephone calls to or from a customer or donor. 16 C.F.R. § 310.2(ff). “Telemarketing” means a plan, program, or campaign which is conducted to induce the purchase of goods or services or a charitable contribution, by use of one or more telephones and which involves more than one interstate telephone call. 16 C.F.R. § 310.2(gg).

66. Defendants are sellers or telemarketers of “debt relief services” as defined by the TSR, 16 C.F.R. § 310.2(o). Under the TSR, a “debt relief service” means any program or service represented, directly or by implication, to renegotiate, settle, or in any way alter the terms of payment or other terms of the debt between a person and one or more unsecured creditors, including, but not limited to, a reduction in the balance, interest rate, or fees owed by a person to an unsecured creditor or debt collector. 16 C.F.R. § 310.2(o).

67. The TSR prohibits sellers and telemarketers from requesting or receiving payment of any fees or consideration for any debt relief service unless and until:

- a) The seller or telemarketer has renegotiated, settled, reduced, or

1 otherwise altered the terms of at least one debt pursuant to a
 2 settlement agreement, debt management plan, or other such valid
 3 contractual agreement executed by the customer; and

4 b) The customer has made at least one payment pursuant to that
 5 settlement agreement, debt management plan, or other valid
 6 contractual agreement between the customer and creditor; and

7 c) To the extent that debts enrolled in a service are renegotiated,
 8 settled, reduced, or otherwise altered individually, the fee or
 9 consideration either:

10 (1) Bears the same proportional relationship to the total fee for
 11 renegotiating, settling, reducing, or altering the terms of the
 12 entire debt balance as the individual debt amount bears to the
 13 entire debt amount. The individual debt amount and entire debt
 14 amount are those owed at the time the debt was enrolled in the
 15 service; or

16 (2) Is a percentage of the amount saved as a result of the
 17 renegotiation, settlement, reduction, or alteration. The
 18 percentage charged cannot change from one individual debt to
 19 another. The amount saved is the difference between the
 20 amount owed at the time the debt was enrolled in the service
 21 and the amount actually paid to satisfy the debt. 16 C.F.R. §
 22 310.4(a)(5)(i).

23 68. The TSR prohibits sellers and telemarketers from misrepresenting
 24 directly or by implication any material aspect of any debt relief service, including,
 25 but not limited to, the amount of money or the percentage of the debt amount that a
 26 customer may save by using the service. 16 C.F.R. § 310.3(a)(2)(x).

27 69. The TSR also establishes a “do not call” registry (the “National Do

1 Not Call Registry” or “Registry”), maintained by the FTC, of consumers who do
 2 not wish to receive certain types of telemarketing calls. Consumers can register
 3 their telephone numbers on the Registry without charge either through a toll-free
 4 telephone call or online at www.donotcall.gov.

5 70. Consumers who receive telemarketing calls to their registered
 6 numbers can complain of Registry violations through a toll-free telephone call or
 7 online at www.donotcall.gov, or otherwise contacting law enforcement authorities.

8 71. The FTC allows sellers, telemarketers, and other permitted
 9 organizations to access the Registry online, pay any required fees, and download
 10 numbers not to call.

11 72. The TSR prohibits sellers and telemarketers from calling any
 12 telephone number within a given area code unless the seller on whose behalf the
 13 call is made has paid the annual fee for access to the telephone numbers within that
 14 area code that are included in the Registry. 16 C.F.R. § 310.8.

15 73. The TSR prohibits sellers and telemarketers from initiating an
 16 outbound telephone call to telephone numbers on the registry. 16 C.F.R. §
 17 310.4(b)(1)(iii)(B).

18 74. Pursuant to Section 3(c) of the Telemarketing Act, 15 U.S.C.
 19 § 6102(c), and Section 18(d)(3) of the FTC Act, 15 U.S.C. § 57a(d)(3), a violation
 20 of the TSR constitutes an unfair or deceptive act or practice in or affecting
 21 commerce, in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

22 **VIOLATIONS OF THE TELEMARKETING SALES RULE**

23 **Count II**

24 **Advance Fee for Debt Relief Services**

25 75. In numerous instances, Defendants have, in connection with the
 26 telemarketing of student loan debt relief services, requested or received payment of
 27 a fee or consideration for debt relief services before:

1 a) Defendants have renegotiated, settled, reduced, or otherwise
 2 altered the terms of at least one debt pursuant to a settlement
 3 agreement, debt management plan, or other such valid contractual
 4 agreement executed by the customer; and

5 b) The customer has made at least one payment pursuant to that
 6 settlement agreement, debt management plan, or other valid
 7 contractual agreement between the customer and the creditor.

8 76. Therefore, Defendants' acts or practices as set forth in Paragraph 75
 9 violate the TSR, 16 C.F.R. § 310.4(a)(5)(i).

10 **Count III**
 11 **Material Debt Relief Misrepresentation**

12 77. In numerous instances, Defendants have, in connection with the
 13 telemarketing of student loan debt relief services, misrepresented, directly or
 14 indirectly, expressly or by implication, material aspects of their debt relief services,
 15 including, but not limited to, that:

16 a) Consumers who pay for Defendants' program will be enrolled
 17 in a loan repayment program and will have their loan balances
 18 forgiven in whole or in part;

19 b) Most or all of consumers' monthly payments to Defendants will
 20 be applied to their loan balances;

21 c) Defendants are affiliated with or contracted by the federal
 22 government or, specifically, ED;

23 d) Defendants will assume responsibility for the servicing of
 24 consumers' student loans; and

25 e) Defendants' program is part of the CARES Act or some other
 26 COVID-19 relief program created by the federal government.

27 78. Therefore, Defendants' acts or practices as set forth in Paragraph 77

1 violate the TSR, 16 C.F.R. § 310.3(a)(2)(x).

2 **Count IV**

3 **Violating the National Do Not Call Registry**

4 79. In numerous instances, Defendants have, in connection with the
5 telemarketing of student loan debt relief services, engaged, or caused a
6 telemarketer to engage, in initiating an outbound telephone call to a person's
7 telephone number on the National Do Not Call Registry in violation of the TSR, 16
8 C.F.R. § 310.4(b)(1)(iii)(B).

9 **Count V**

10 **Failing to Pay National Registry Fees**

11 80. In numerous instances, Defendants have, in connection with the
12 telemarketing of student loan debt relief services, initiated, or caused others to
13 initiate, an outbound telephone call to a telephone number within a given area code
14 when Defendants had not, either directly or through another person, paid the
15 required annual fee for access to telephone numbers within that area code that are
16 included in the National Do Not Call Registry, in violation of the TSR, 16 C.F.R. §
17 310.8.

18 **THE COVID-19 CONSUMER PROTECTION ACT**

19 81. The COVID-19 Consumer Protection Act makes it unlawful under
20 Section 5 of the FTC Act for any person, partnership, or corporation to engage in a
21 deceptive act or practice in or affecting commerce associated with the treatment,
22 cure, prevention, mitigation, or diagnosis of COVID-19 or a government benefit
23 related to COVID-19. COVID-19 Consumer Protection Act § 1401(b)(2). The Act
24 provides that such a violation shall be treated as a violation of a rule defining an
25 unfair or deceptive act or practice prescribed under Section 18(a)(1)(A) of the FTC
26 Act, 15 U.S.C. § 57a(a)(1)(A). COVID-19 Consumer Protection Act § 1401(c)(1).

27 **VIOLATIONS OF THE COVID-19 CONSUMER PROTECTION ACT**

Count VI

**Misrepresentations Associated with
a Government Benefit Related to COVID-19**

82. In numerous instances in connection with the advertising, marketing, promotion, offering for sale, or sale of student loan debt relief services, Defendants have falsely represented to consumers that their debt relief services are part of the CARES Act or some other COVID-19 relief program created by the federal government.

83. In fact, the services that Defendants offer are not part of the CARES Act or any COVID-19 relief program created by the federal government.

84. Therefore, Defendants' representations set forth in Paragraph 82 are false and misleading, and therefore constitute a deceptive act or practice associated with a government benefit related to COVID-19.

THE GRAMM-LEACH-BLILEY ACT

85. Section 521 of the GLB Act, 15 U.S.C. § 6821, became effective on November 12, 1999, and remains in full force and effect. Section 521(a)(2) of the GLB Act, 15 U.S.C. § 6821(a)(2), prohibits any person from "obtain[ing] or attempt[ing] to obtain . . . customer information of a financial institution relating to another person . . . by making a false, fictitious, or fraudulent statement or representation to a customer of a financial institution."

86. The GLB Act defines "customer" to mean "with respect to a financial institution, any person (or authorized representative of a person) to whom the financial institution provides a product or service, including that of acting as a fiduciary." 15 U.S.C. § 6827(1). The GLB Act defines "customer information of a financial institution" as "any information maintained by or for a financial institution which is derived from the relationship between the financial institution and a customer of a financial institution and is identified with the customer." 15 U.S.C. § 6827(2).

88. Section 814(a) of the FDCPA, in turn, makes a violation of the FDCPA an unfair or deceptive act or practice in violation of the FTC Act. 15 U.S.C. § 1692l(a). Section 814(a) of the FDCPA further provides that all of the functions and powers of the FTC under the FTC Act are available to the FTC to enforce compliance by any person with the FDCPA, including the power to enforce provisions of the FDCPA in the same manner as if the violation had been a violation of an FTC trade regulation rule.

90. Section 19 of the FTC Act, 15 U.S.C. § 57b, authorizes this Court to grant such relief as the Court finds necessary to redress injury to consumers resulting from violations of FTC trade regulation rules. Accordingly, Section 19 of the FTC Act, 15 U.S.C. § 57b, also authorizes this Court to grant such relief as the Court finds necessary to redress injury to consumers resulting from violations of the GLB Act. This relief may include, and is not limited to, rescission or reformation of contracts, and the refund of money or return of property.

Use of False, Fictitious, or Fraudulent Statements to Obtain or Attempt to Obtain Customers' Customer Information of a Financial Institution

1 of financial institutions to obtain or attempt to obtain those customers' customer
2 information of a financial institution. The customer information of a financial
3 institution that Defendants obtain or attempt to obtain includes bank account
4 numbers, debit card numbers, and credit card numbers.

5 92. Defendants obtain or attempt to obtain the the customer information
6 of a financial institution by representing to customers of financial institutions,
7 directly or indirectly, expressly or by implication, that consumers who pay for
8 Defendants' program will be enrolled in a loan repayment program and have their
9 loan balances forgiven in whole or in part; most or all of their payments will be
10 applied to their loan balances; Defendants are affiliated with or contracted by the
11 federal government or, specifically, ED; Defendants will assume responsibility for
12 the servicing of consumers' student loans; and Defendants' program is part of the
13 CARES Act or some other COVID-19 relief program created by the federal
14 government.

15 93. Defendants' representations set forth in Paragraph 92 above are false,
16 fictitious, or fraudulent within the meaning of Section 521 of the GLB Act.

17 94. Therefore, Defendants' acts and practices set forth in Paragraphs 91 to
18 93 above violate Section 521 of the GLB Act, 15 U.S.C. § 6821.

19 **CONSUMER INJURY**

20 95. Consumers are suffering, have suffered, and will continue to suffer
21 substantial injury as a result of Defendants' violations of the FTC Act, the COVID-
22 19 Consumer Protection Act, the TSR, and the GLB Act. Absent injunctive relief
23 by this Court, Defendants are likely to continue to injure consumers and harm the
24 public interest.

25 **PRAYER FOR RELIEF**

26 Wherefore, Plaintiff requests that the Court:
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